6-9-2012

INTRAPRENEURSHIP: A MACRO PERSPECTIVE (SUMMARY)

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**Recommended Citation**

Bosma, Niels; Stam, Erik; and Wennekers, Sander (2012) "INTRAPRENEURSHIP: A MACRO PERSPECTIVE (SUMMARY)," *Frontiers of Entrepreneurship Research*: Vol. 32: Iss. 15, Article 5. Available at: http://digitalknowledge.babson.edu/fer/vol32/iss15/5

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Principal Topic

Research over the last decade has provided increasing insight into the determinants of entrepreneurship by explaining national and regional variations in self-employment and new firm formation. However, several empirical puzzles remain. For example, how is it possible that several countries which perform quite well with respect to innovation (Sweden, Denmark) are lagging with respect to entrepreneurial activity, while some countries that perform modestly (Australia, Ireland) or very badly (Portugal, Greece) with respect to innovation are among those with high entrepreneurial activity rates? In this paper we disentangle the role of institutions in the allocation of entrepreneurship across independent entrepreneurship and entrepreneurial employee activity. This results in a taxonomy of national systems of entrepreneurship, i.e. different sets of (combinations of) institutions providing incentives to channel entrepreneurial behavior into particular organizational contexts.

Method

Based on a theoretical framework on institutions and entrepreneurship, we argue for a distinction between different types of independent entrepreneurship (e.g. with respect to their innovativeness, and growth ambitions) and ‘modes’ of entrepreneurship (independent entrepreneurial activity vis. a viz. entrepreneurial employee activity). We use new and unique measures from the Global Entrepreneurship Monitor 2011 study to measure entrepreneurial employee activity for 52 economies across the globe, while focusing on OECD and emerging countries. In order to control for spurious correlation between institutions and types of entrepreneurship we provide robustness checks to also account for the effects of prosperity levels (GDP per capita) and cultural conditions (World Value Studies) on the allocation of entrepreneurship.

Results and Implications

Taking into account different types and modes of entrepreneurship, we arrive at a taxonomy of national systems of entrepreneurship, with a key role for the new measure of entrepreneurial employee activity (EEA). Our results confirm that EEA also stimulates innovation and business growth and at the same time acts as a source of new independent enterprise. Knowledge on conditions of EEA would be extremely useful for practitioners and educators. Furthermore, our results can be of aid to policy makers who aim at stimulating entrepreneurship to avoid basing policies on an incomplete picture of entrepreneurship in their country.

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